

COMPANY IMPROVES INVENTORY CONTROL, REDUCES COSTS

ABOUT UNIVERSAL SOLAR PRODUCTS. Universal Solar Products, a division of Alfa Group, was created in response to a rising demand for solar water heaters and cisterns. Based in Toa Baja, Puerto Rico, the company has close to 50 employees and primarily serves hardware stores and residential developers. It also exports to customers in Central and South America, and in 2018 was recognized by the PR Products Association as "Exporter of the Year" during the ceremonies of the "Made in PR Excellence Awards."

THE CHALLENGE. Universal Solar Products needed to get a better handle on its inventory. The company had issues with both overstock inventory and shortages, and needed to strike a balance between providing satisfactory customer service and minimizing costs. Aware they were investing too much in inventory, company leaders reached out to PRiMEX, part of the MEP National Network, for assistance. They needed to implement a formal material requirement planning system (MRP) to manage their inventory planning and purchasing process activities.

MEP CENTER'S ROLE. PRiMEX met with Universal Solar Products to discuss the company's productivity and inventory control problems and outline a plan for improvement. The project involved collecting data for analysis, and PRiMEX helped the company to classify its products according to Pareto analysis (ABC). Together, they identified the highest priority products for control based on volume in units and annual dollar value. Next, they developed charts to observe trends and computed the parameters of the inventory control system. They also used the historical data to validate suppliers' lead times.

PRiMEX proposed an MRP system for the raw materials and the use of a pull system for purchasing planning and inventory control. Universal Solar Products implemented standard operating procedures for materials receiving, purchasing, and materials planning. It also implemented cycle counting to replace the physical counting of inventory items and enhance purchasing and inventory control functions.

The engagement with PRiMEX reduced inventory costs by a significant margin. Universal Solar Products was pleased with the project delivery and agreed to work with PRiMEX on other improvement projects. The company plans to participate in a 5S pilot project (Sort, Set in Order, Shine, Standardize, and Sustain) to optimize space in the warehouse. It will also work to develop the leadership skills and competencies of production personnel.

"The services provided by PRiMEX have provided great benefits that allow us to improve productivity and reach our goals on balancing inventory levels and customer service. At present we have implemented purchasing and inventory control tools that help us identify great opportunities to reduce costs. We want to thank PRiMEX for their support and guidance."

-Moises Almansa, President

RESULTS



\$150,000 in annual cost savings



40% reduction in inventory costs

CONTACT US



#268 Muñoz Rivera Ave.
World Plaza Building, Suite
1002
Hato Rey, PR 00918



(787)756-0505



www.primexpr.org

